

A Review on The Impact of Digital Marketing on Consumer Behaviour

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Abstract

The global digital marketing industry is expanding at an annual rate of approximately 22%. This growth highlights the influence of societal changes and evolving consumer behaviour on the rapid rise of online retail and digital marketing. Intense market competition and technological innovation have driven a shift from traditional marketing methods to modern digital strategies. The increasing adoption of digital marketing has transformed how businesses promote products and services, as well as how consumers interact with brands. This review paper examines the impact of digital marketing on consumer behaviour through an extensive analysis of existing literature. It begins with an overview of digital marketing and its significance, followed by research objectives and methodology. The literature review evaluates recent studies, exploring multiple facets of digital marketing and its effects on consumer behaviour. Findings indicate that digital marketing significantly influences decision-making, brand loyalty, trust, and purchase intentions. The paper concludes by discussing the implications for businesses, emphasizing the importance of leveraging digital marketing to effectively engage with target audiences.

Keywords: Digital marketing, Business, Consumer Behaviour, competition

Introduction

The global digital marketing industry is expanding at an approximate annual rate of 22%, reflecting the growing influence of societal trends and evolving consumer behaviour on online retail. Intense competition and rapid technological innovation have driven businesses to transition from traditional marketing methods to modern digital strategies.

To remain competitive, companies must thoroughly analyze consumer behaviour and online engagement patterns. This study investigates the effects of digital marketing on consumer purchasing behaviour in today's dynamic market. Digital marketing encompasses advertising through advanced platforms such as email, mobile applications, and social media, enabling businesses to promote products and services effectively.

It allows consumers to explore newly launched products, make comparisons, and access goods not only domestically but also internationally. Digital marketing has become a key driver of revenue, shaping consumer awareness, purchase decisions, and overall behaviour. It serves as a strategic channel for connecting businesses with their target audience, particularly through consumer engagement, relationship management, and communication. Social media, in

particular, has emerged as a powerful tool to support marketing objectives and enhance brand visibility.

Although the internet is often seen as a disruptive technology, increasing numbers of consumers recognize the convenience and benefits of online shopping, highlighting the critical role of digital marketing in shaping modern consumer behaviour.

Literature Review

P. Sunanth and Chandran (2020) observed that digital marketing has significantly impacted retail, prompting many businesses to shift their sales channels. Consequently, digital marketing strongly influences consumer perceptions and behaviours toward a brand's products and services.

Lamba et al. (2015) highlighted the evolving nature of consumer behaviour and demand, emphasizing that brands that understand these shifts can outperform current and future competitors. Intangible factors, such as personal experience and word-of-mouth recommendations, continue to shape purchase decisions. Consumer loyalty is declining due to the ease of switching brands, while social opinions from influencers, friends, and followers increasingly guide decisions. The study, based on secondary data, concluded that digital technology enhances consumer awareness and fosters more rational decision-making in traditional contexts.

Journal (2014) reported that consumers adapt uniquely to expanded communication channels. Social media strategies, including online reviews and recommendations, serve as important tools for influencing consumer behaviour. Engagement through these channels helps brands maintain competitiveness and acts as a form of endorsement.

Gulati and Pal (2014) examined mobile marketing in rural India, an area traditionally considered media-dark with limited infrastructure. Despite frequent power outages, rural consumers relied heavily on mobile phones for entertainment. By targeting these consumers through mobile marketing, HUL successfully leveraged an opportunity to increase brand engagement. The study used a descriptive research design with secondary data sources.

Singh (2014) found that increased smartphone usage has altered shopping behaviour and purchase decisions. Consumers now spend significant digital time on mobile devices such as tablets, iPads, and smartphones, expecting high-quality experiences. According to Google, over half of consumers visiting mobile sites are more likely to complete a purchase if they have a positive experience, while some abandon the site if they cannot quickly find what they need.

Kadian et al. (2013) highlighted how Dove's video/web film campaign influenced perceptions of beauty and strengthened brand affinity. The campaign achieved high recall value, reaching over 114 million viewers within a month, making it one of the most widely viewed marketing campaigns at the time.

Need of the study

Digital marketing often encourages impulsive buying, making it a crucial factor in shaping consumer purchasing decisions. With the vast amount of information available through digital channels, it is important to understand what drives consumers to shop online. This study focuses on exploring consumer behaviour in the context of digital marketing.

Objectives of the Study

1. To analyse the impact of digital marketing on consumer behaviour.
2. To examine how digital marketing influences consumer purchase decisions.
3. To investigate the role of personalization, trust, and convenience in shaping consumer preferences.
4. To evaluate consumer behaviour as influenced by digital marketing strategies.

Significance of the Study

This study highlights the evolving interaction between digital marketing and consumer behaviour, emphasizing:

1. **Influence on Decision-Making:** Assessing how digital marketing tools guide consumer purchasing choices.
2. **Consumer Trust:** Understanding how personalization and transparency contribute to building trust.
3. **Practical Insights:** Offering actionable strategies for businesses to enhance marketing effectiveness.

The findings provide valuable contributions to academia by addressing gaps in understanding the psychological and practical dimensions of consumer behaviour within the digital marketplace.

Research Methodology

Compared to its early stages, digital marketing has emerged as one of the most effective promotional tools for businesses. By leveraging websites, social media platforms, email marketing, and video advertisements on platforms like YouTube, this study examined the extent to which digital marketing initiatives influence and shape consumer behaviour, particularly regarding their purchase decisions.

Consumer Behaviour

Consumer behaviour refers to the selection, purchase, and consumption of goods and services to satisfy individual needs and preferences. It encompasses the actions and practices that individuals engage in when acquiring and using products. A wide range of factors—including personal characteristics, social influences, and environmental conditions—affect consumers' decision-making processes, buying habits, brand preferences, and shopping choices.

Key determinants include the consumer's personality, family background, upbringing, socioeconomic status, cultural and subcultural influences, social groups, and psychological factors. Many purchasing decisions are shaped not only by personal preferences but also by external cues. Since the inception of consumer behaviour studies in marketing, understanding consumers has remained complex due to the often unpredictable and dynamic nature of their choices.

Consumer Behaviour in the Digital Era

The advent of digital technology has transformed the landscape of business, marketing, and consumer behaviour. Digital marketing profoundly influences how individuals connect, work, shop, and engage in daily life. Modern consumers are more informed and discerning due to the rapid development of intuitive technologies and easy access to information. With countless options available at their fingertips, consumer behaviours and preferences are continually evolving, reflecting the dynamic nature of the digital marketplace.

Channels of Digital Marketing



1. Content Marketing

Content marketing is one of the best indirect types of digital marketing. Usually, businesses market themselves by promoting their products, services, or branding. With content marketing, you shift the focus to promoting your value through relevant and useful content.

2. Search Engine Optimization (SEO)

optimization (SEO) has been the marketing buzzword of the decade, and for good reason – more than 90% of online experiences begin with a simple online search through search engines like Google and Bing.

3. SEM – Search Engine Marketing

Search engine marketing (or SEM) often gets confused with SEO because both have very similar names. Both also deal with search engines like Google or Bing. But these two types of digital marketing differ in some way and it's important to know the difference between SEO and PPC.

While SEO helps marketers rank organically for their target keywords, SEM is all about increasing their website traffic from search engines through paid advertisements. The two most commonly-used SEM services are Bing Ads and Google AdWords.

4. SMM – Social Media Marketing

Social media marketing (SMM), as the name implies, is all about using the power of content on social media to market your business. Social media networks have dominated the digital media over the last decade, attracting millions or even billions of users across the globe. This makes them a valuable source of traffic.

The three most popular social media platforms:

Facebook – 1.66 billion active daily users

Twitter – 330 million active monthly users

Instagram – 500 million active daily users

5. Pay-Per-Click (PPC) Advertising

PPC advertising is a model where advertisers pay a fee each time their ad is clicked. Common platforms for PPC include Google Ads, Bing Ads, and social media ads (e.g., Facebook Ads). PPC allows businesses to reach potential customers quickly and control their advertising spend.

6. Email Marketing

Email marketing involves sending targeted emails to a subscriber list to promote products, share news, or provide valuable content. Effective email marketing campaigns can nurture leads, retain customers, and drive sales. Tools like Mail chimp and Constant Contact are popular for managing email campaigns.

7. Affiliate Marketing

Affiliate marketing is a performance-based strategy where businesses reward affiliates (partners) for driving traffic or sales through their referral links. Affiliates use their platforms,

such as blogs or social media, to promote the business's products. Amazon Associates is a well-known affiliate program.

8. Influencer Marketing

Influencer marketing leverages individuals with a large following on social media or other platforms to promote products or services. Influencers can provide authentic endorsements and reach niche audiences effectively. Collaborations can range from sponsored posts to product reviews.

Impact of Digital Marketing on Consumer Behaviour

When reflecting on personal purchasing and spending habits, the impact of digital marketing over the past two decades is striking. Compared to the early stages of digital marketing, consumer behaviour today has undergone significant changes. The following examples illustrate how digital marketing has reshaped the ways consumers make decisions, interact with brands, and complete purchases.

Access to International Markets

Digital marketing has enabled consumers to access products from international markets, except in cases where import restrictions apply. Today, purchasing items from nearly any country is as simple as a click of a mouse or a tap on a smartphone screen. In some cases, VPN services can help bypass geo-restrictions. Consequently, high-end or specialty foreign products, which were previously difficult to obtain, are becoming increasingly popular. This exposure encourages consumers to develop a preference for international goods and often cultivates more sophisticated tastes associated with purchasing premium products from abroad.

Real-Time Product Evaluation

Research conducted by digital marketing agencies indicates that at least 80% of consumers consult blogs and product reviews before making a purchase. The primary aim of this behaviour is to make informed and efficient decisions. Consequently, businesses cannot afford to overlook the influence of digital marketing on consumer perceptions. Companies recognize that a product's success depends heavily on its reviews—positive or negative. To sway consumer behaviour, businesses strive to ensure their products receive favorable evaluations, thereby enhancing credibility and encouraging purchase decisions.

Shopping Carts Anytime, Anywhere

Digital marketing has enabled consumers to purchase a wide variety of products from multiple vendors online. Numerous e-commerce platforms allow shoppers to browse, compare, and use discounts or coupons to secure better deals. As a result, brand and retailer loyalty has decreased, with consumers increasingly exploring alternatives. Email campaigns, social media posts on platforms such as Facebook, Twitter, Instagram, and Pinterest, as well as online pop-up ads, keep customers constantly informed about available options and prices. Targeted

advertisements, facilitated by tools like Google AdSense, further enhance personalized marketing by reflecting users' browsing histories and preferences.

Growing Focus on Discounts

Historically, consumers actively sought out discounts before making purchases. Today, online businesses compete aggressively to attract buyers by offering reduced prices on nearly all products, driven by digital marketing strategies and increasing consumer awareness of alternative, lower-cost options. Retailers such as Walmart, Target, and Giant provide printed or digital coupons and promote special deals on specific products on designated days. Online platforms like Amazon and eBay often display prices that already include small discounts, eliminating the need for traditional negotiation. As a result, consumers now expect price incentives as a standard part of their shopping experience.

Credit and Recurring Payment Options

Consumer purchasing behaviour is significantly influenced by digital marketing, particularly in how payment options are offered. Traditionally, credit cards were essential for consumers wishing to buy on credit or delay payment. Digital marketing has transformed this landscape by encouraging retailers to provide more flexible payment solutions. Online shoppers are increasingly offered options such as Equal Monthly Instalments (EMIs) and 0% APR schemes, making high-value purchases more accessible. These payment models often motivate consumers to make immediate purchases rather than postponing them, thereby enhancing sales and customer convenience.

Post-Purchase Review

Digital marketing plays a key role in enhancing customer service and post-purchase experiences. Consumers can receive order updates and feedback on product performance, keeping them informed and engaged. Social media platforms provide opportunities for interactive engagement through images, videos, and other content, strengthening the customer–brand relationship. Marketers can further enrich post-purchase experiences using personalized advertisements, targeted social media interactions, and other strategies. In addition to discounts, bonuses, and rebates, these initiatives help maintain customer satisfaction and foster loyalty.

Conclusion

The findings of this study underscore several important insights. While social media marketing plays a significant role in daily life, some individuals remain unaware of its full potential. Similarly, many consumers do not yet recognize that digital marketing extends far beyond online shopping. Digital marketing has fundamentally transformed how consumers and businesses communicate, influencing both consumer behaviour and purchasing decisions.

By understanding consumer needs, personalizing marketing messages, and leveraging diverse digital channels, businesses can establish a strong online presence and build meaningful relationships with their target audience. In today's highly competitive environment, a deep understanding of consumer psychology is essential to adapt to continuously evolving behaviours in the digital landscape.

Despite the opportunities, businesses still face challenges, and many consumers remain unaware of both the advantages and potential drawbacks of digital marketing. Nonetheless, social media marketing has contributed to significant positive changes in consumer behaviour. Digitalization offers convenience, enabling consumers—particularly working professionals and urban dwellers with limited time—to make purchases and payments anytime, anywhere. Incentives such as coupons, gift cards, discounts, cashback, and promotional offers further encourage the adoption of digital transactions, enhancing customer satisfaction and engagement.

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